



## **FYI Income 31**

# **Enterprise Zone Qualified Job Training Program Investment Credit**

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Colorado taxpayers are allowed to claim a credit of 10% of their total current year investment in a qualified job training program. [§39-30-104(4), C.R.S.]

"Qualified job training program" means a structured training or basic education program conducted on-site or off-site by the taxpayer or another entity to improve the job skills of employees who are employed by the taxpayer. These employees must be working predominantly within an enterprise zone. (On the job training is not a qualified job training program.)

Expenses incurred in training employees leased by the taxpayer do not qualify for the credit.

"Total investment" means

- 1) Land, building, real property improvement, leasehold improvement, or space lease costs and the cost of any capital equipment purchased or leased by the taxpayer and used entirely within an enterprise zone primarily for qualified job training program purposes or to make a training site accessible to the extent such investments or costs do not qualify for the enterprise zone investment tax credit; and
- 2) Expenses for a qualified job training program, whether incurred within or outside of an enterprise zone, including expensed equipment, supplies, training staff wages or fees, training contract costs, temporary space rental, travel expenses, and other expense costs of qualified job training programs for employees working predominantly within an enterprise zone. (Wages of employees being trained are not includible expenses.)

Excess credits may be carried forward for up to 12 years.

### **RECENT CHANGES**

#### *Precertifying Credits*

For any credit generated on or after January 1, 2012, most enterprise zone credits must be precertified by the zone administrator prior to any business activity that would generate the enterprise zone credit. This includes the qualified job training credit. [§39-30-103(7), C.R.S.]

Precertification must be applied for online at [www.advancecolorado.com/ez](http://www.advancecolorado.com/ez) or by submitting the DR 0074 certification form to the zone administrator. Precertification is effective from the date approved/signed by the zone administrator until the close of the tax year indicated in the application. Any credit not precertified cannot be claimed on a tax return.

#### *Electronic Certification Process*

The enterprise zone certification is now available online at [www.advancecolorado.com/ez](http://www.advancecolorado.com/ez) and taxpayers are encouraged to use this new system, which is more accurate and secure than the paper certification process. This online system will be used for both the precertification process and the final certification of the tax credits.

#### *Electronic Notification*

For tax years beginning on or after January 1, 2012, the Office of Economic Development and International Trade (OEDIT) will electronically notify the Department of Revenue of any credits generated in 2012 or later. Enterprise Zone credits cannot be claimed on a tax return filed prior to this notification. The Department of Revenue will post notification on its Web site in the Income Tax Index when the information is available and returns can be filed to claim these credits, which should occur no later than March 31.

The department strongly recommends that taxpayers use the online certification process to ensure that the credit data is accurately and timely transmitted to the Department of Revenue. This is particularly important for pass-through entities that must provide the name, ID number and the amount of the distributed credit of each partner/shareholder/member of the entity. Failure to accurately provide this information will result in the tax credit being denied until the information is corrected with the Enterprise Zone administrator.

#### *Electronic Filing*

For any tax year beginning on or after January 1, 2012, any Colorado original or amended income tax return that claims an enterprise zone credit must be filed electronically. The return must also include a carryforward schedule (form to be developed during 2012) for all enterprise zone credits.

Taxpayers who are unable to file electronically can file a paper return. However, the department strongly encourages taxpayers to file electronically to avoid unnecessary delays and problems that can occur when taxpayers file a paper return for these complex credits and schedules.

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FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.